

**City of McMinnville  
City Council Audit Committee  
Meeting Minutes**

**Date:** May 8, 2013, 4:00 p.m.

**Audit Committee:** Kellie Menke, City Councilor  
Travis Parker, Budget Committee member

Absent:  
Scott Hill, City Councilor

**Auditor:** Rob Moody, Talbot, Korvola & Warwick, LLP, via conference call  
Cinnamon Williams, Talbot, Korvola & Warwick, LLP

**Staff:** Marcia Baragary, Finance Director  
Julie Orth, Accountant

Absent:  
Kent Taylor, City Manager

**Minutes From July 24, 2012 Meeting**

The minutes from the July 24, 2012 meeting were presented for approval. Kellie moved to approve the minutes as drafted; motion seconded by Travis. Motion passed.

**June 30, 2013 Audit**

Cinnamon and Rob reviewed the audit deliverables for the 2013 audit. This year no single audit is expected.

Cinnamon explained the audit approach. The interim audit is scheduled for June 10<sup>th</sup> – June 14<sup>th</sup>, 2013. Audit planning will take place then, reviewing any questions or changes from last year. Field work is scheduled for November 4<sup>th</sup> – November 15<sup>th</sup>, 2013. All the financial statement information will be reviewed during field work. The auditors will be testing Accounts Payable / Procurement controls this year.

Rob and Cinnamon explained there were some changes to clarity standards which require additional documentation regarding the inclusion of McMinnville Water & Light Department in the City's financial statements. This is necessary because McMinnville Water & Light has a different auditor than the City of McMinnville.

Marcia discussed the new Health Reimbursement Arrangement/Voluntary Employees' Beneficiary Association (HRA VEBA) for McMinnville Firefighters, effective January 1, 2013. The presentation of the VEBA will be new in this year's CAFR. Marcia also discussed the Oregon Department of Transportation loan agreement for the Newberg-Dundee ByPass which is not finalized but is expected to be dated June 1, 2013. Once the contract is closer to being finalized, Marcia will get a copy to TKW to review.

Cinnamon explained the necessity for a fraud discussion with the Audit Committee. Cinnamon asked the Audit Committee members if they had any knowledge of any actual fraud, allegations of fraud, or suspicions of fraud and all responded no.

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Cinnamon asked the members if they had any specific areas of risk they would like TKW to review during the audit. Both Kellie and Travis indicated they did not. Cinnamon noted that Marcia always communicates risk areas to them. Kellie mentioned during the "Stuff the Boot" fund raiser, there is a very large amount of cash collected. Marcia discussed TKW's review of the cash processes and its benefits. The auditors will perform cash counts during this year-end audit also.

Cinnamon asked the members if they had any areas, not necessarily risk areas, they would like TKW to review. All responded no.

Cinnamon described the process to conclude the audit and indicated we will meet again in January 2014 to present results and discuss any issues that may arise.

**New GASB Statements – effective for the City beginning with fiscal year ending June 30, 2013**

- **GASB Statement No. 61**, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*
- **GASB Statement No. 62**, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- **GASB Statement No. 63**, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

Rob noted GASB Statement No. 61 was implemented that year. The City is continuing to report McMinnville Water and Light in the CAFR. The City concluded it would be misleading not to include the component unit McMinnville Water and Light in the CAFR.

Rob indicated GASB Statement No. 62 will be a minimal change for the City; basically this is a housekeeping item. GASB Statement No. 63 will change some terminology. For example, the fiscal year 2013 Statement of Net Assets will change to a Statement of Net Position.

Rob asked if there were any expectations for TKW this year for the Transient Occupancy Tax. Kellie and Marcia indicated that the tax will not be implemented in fiscal year 2013. Rob mentioned TKW is available for Transient Occupancy Tax audits if needed.

**Update on the 2014 budget**

Marcia gave a brief update indicating the fiscal year 2014 budget that will be presented to the City Council for adoption will be more favorable than the 2014 proposed budget document, which was recently distributed to the Budget Committee, because the health insurance premiums are lower than expected. Marcia indicated Bob Wells will be at the next City Council meeting for a discussion of the forecast.

There being no further business to come before the Committee, the meeting was adjourned.